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LB 1028, 1109

amendment. About LB 1109, which is the amendment, this deals with the so-called marriage penalty in the Nebraska income tax schedule. The marriage penalty...a couple of definitions. The marriage is the amount of additional income tax a married couple owes as compared to two single individuals who earn the same combined income. A marriage bonus, on the other hand, is the amount of income tax...or rather the amount income tax is reduced.

SPEAKER KRISTENSEN: (Gavel) Excuse me, Senator...excuse me.

SENATOR RAIKES: Sure.

SPEAKER KRISTENSEN: Members, would you please hold your conversations down so Senator Raikes can make his presentation? Thank you. Senator Raikes.

SENATOR RAIKES: Thank you. A marriage bonus is the amount the income tax is reduced for a married couple as compared to two singles earning the same combined income. The base of comparison for both of these is a...is what a single individual would pay. In the current tax code, a couple may be subject to either a marriage bonus or a marriage penalty at any level of income. Which they incur, depends on the distribution of income between the spouses. If there is a single-earner couple, which I'll call a traditional couple, the schedule provides a bonus. If the income to the two spouses are relatively equal, which you could call a modern couple for convenience, they would incur a penalty. The committee action on 1109, LB 1109 was as follows. A revision was made to reduce the marriage bonus and also a phase-in was created to delay the full revenue reduction to later years. With these modifications, the bill advanced from committee unanimously. A little about this particular marriage penalty proposal. I've handed out a sheet titled, "Marriage Tax Penalty (LB 1109)," which includes a couple of examples which I'll quickly go through. We're talking about a situation here where there is a \$50,000 total income for the married couple. If you look on the second page of the handout, and go to the \$50,000 line, if you've got a traditional couple, the current tax under the current code would be \$1,492. That tax includes a \$760 marriage bonus. That means that that couple would pay \$760 less tax being married than if they were filing as separate